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# FR *ui* TROP

English version

CLOSE-UP:  
GRAPEFRUIT

Mediterranean citrus:  
HLB, a new threat

Sea freight: reefer market  
heads for the rocks

<http://passionfruit.cirad.fr>



## The world grapefruit market

### Five years on...

**H**ow have the large international markets Europe, Japan and the United States fared after the collapse of production capacity of the world's leading grapefruit supplier? Has consumption followed the decrease in production in Florida or, as one man's joy is another man's sorrow, has the situation benefited the other suppliers that ship during the winter season? FruiTrop has already pointed out in a another article that the top-of-the-range position of Florida would make it difficult for other supplier countries to gain market shares. This has been demonstrated on several markets in recent seasons.

**In Japan and the United States, the decrease in production in Florida does not benefit the other sources**

Is Florida an irreplaceable supplier for Japan, the second largest market in the world after the EU? Consumption oscillated between 280 000 and 290 000 t before Florida production slumped and has only been 170 000 to 210 000 t in recent seasons. It is true that the Japanese market is closed to a fair number of potential supplier countries for reasons of drastic sanitary and phytosanitary measures. However, it is interesting to see that Israeli exporters, who

possess the authorisations to export 'Sunrise' grapefruit to Japan, have not gained market shares even though the prices are more attractive than those of Florida grapefruit. Shipments of 'Star Ruby' stagnated at an insignificant level. Another more disturbing factor is that the volumes of grapefruit sold during the summer

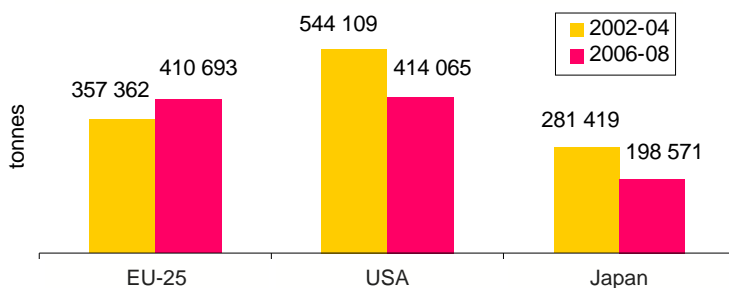


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have also decreased whereas an increase related to the early end of the Florida season might have been expected. The volumes exported from South Africa, practically the sole source during this period, have not recovered to the 65 000 to 70 000 t observed before the hurricanes, and this is not justified by any decrease in production. This would tend to prove the theory held by many importers that 'Florida grapefruit stimulates grapefruit sales'.

The situation is similar in the United States. Florida grapefruit sales volumes have decreased by a third from about 170 000 t to 120 000 t (from 9 million to 6 million export boxes) and no other player on the market has really profited from the situation. First of all, it should be stressed that consumption dynamics was clearly weakening before the problem of smaller Florida supplies occurred. In this context, no producer states increased their market shares or even sought to do so. Although Texan citrus growers were those most capable of profiting from Florida's weakness, they preferred to invest in less risky crops that give

**Grapefruit and shaddock - Evolution of the market releases in the three main world markets**



Sources: Eurostat, USDA, US and Japanese customs





more immediate returns than grapefruit, especially as a fair number of growers are old and have difficulty finding farmers to replace them. In addition, urbanisation and scarce irrigation water limit scope for increasing the orchard area. Thus, production has not increased significantly and the area concerned is stagnant at 18 500 acres, that is to say about 7 500 ha. Planted areas have even continued to shrink in California and Arizona, where the production calendar is different to that of Florida. And imports from third countries have remained practically nonexistent.

Although the volumes sold have moved little, the trade landscape has changed completely. A detailed review and forecasts by source is necessary.

### Israeli exporters ready to further increase their market shares in western Europe

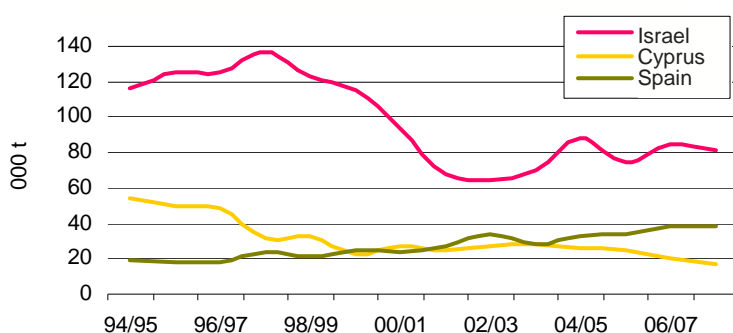
Israel is one of the main countries to have gambled on the possibility of gaining market shares. This has been only a partial success as whereas shipments to the EU have increased well, reaching some 60 000 t (+ 15 000 to 20 000 t in comparison with the period preceding the problems in Florida), prices returned to pre- 2004-05 levels after a short-lived increase. Thanks to larger water resources provided by recycled urban water and given the gap left by Florida in the EU, the main market for Israeli grapefruit, a large amount of planting was carried out from 2004 to 2008; this especially concerned the 'Star Ruby' variety. With an estimated 2 800 ha of coloured varieties in 2009, the Israeli grapefruit sector thus possesses production potential of about 140 000 t, 40% more than the present level.

### A fairly dynamic European market in the midst of total structural change

In contrast with the two large markets mentioned above, sales volumes are continuing to increase in Europe thanks to growing consumption in the east. Russia is still a driving force, probably importing more than 90 000 t in 2007-08 in contrast with 45 000 t in 2004-05. Ukraine and Romania, which joined the EU in 2007, have also remained very dynamic markets with imports of about 12 000 t and 35 000 t respectively in 2007-08. As for EU-25, the increase of imports exceeding 400 000 t in 2006-07 and 2007-08 is to be applauded when compared to the strong decrease in trade on the other large markets. First, EU-15 volumes in the winter have returned to some 250 000 t, which is comparable to the figure observed before Florida production slumped. And then imports by the eastern European countries that joined the EU in 2004 have displayed average growth of around 10 000 t in the last three years, narrowly exceeding 100 000 t in 2008.

Might the return of the problem of scarcer water resources after several seasons lead to a new decrease in planted area, as was the case in the 1990s, a dark period for Israeli citrus growing? USDA considers that there is a shortage of some 100 million cubic metres to cover the country's total requirements estimated at 1.8 billion cubic metres. The government has therefore applied once again a strong reduction to the quotas allocated to farming, held responsible by certain politicians for the mobilisation of a more than substantial proportion of this rare resource to contribute less than 5% of the GDP. In this context, it would seem that further massive grubbing up of citrus plantations is inevitable (USDA puts the figure at about 1 000 ha). However, this should mainly affect the least profitable species. The victims of this reduction in area should be white grapefruit, more than 80% of which are sold to the juice industry at less than cost price, 'Sweetie', suffering from lack of consumer interest, and 'Shamouti' orange for the same reason. The economic performance of 'Star Ruby' is still satisfactory. Profitability is generally excellent at the beginning of the season, benefiting growers in Upper Galilee where the crop is early. But should a fresh increase in area be expected in the coming seasons after a period of stoppage of planting in 2008 for religious reasons? There are doubts about this. In addition to the water problem, recent seasons have been less profitable than 2004 and 2005 when the Florida deficit was at its worst, and the somewhat disappointing results of the 2008-09 should not change the situation.

Grapefruit - Export of the main Mediterranean suppliers



Source : CLAM

### An easier crop than lemon in Spain

Spanish growers are also counting on increasing their presence on the EU market. The figures for recent seasons confirm an increase of some 5 000 to 10 000 t in Spanish exports to EU destinations and these have exceeded 35 000 t in recent years. Planted areas have increased in the Murcia region, the main Spanish production centre, and to a lesser extent in Andalusia (Huelva/Seville zone). The increase is beginning to have an impact on

production which, according to professional sources, increased from some 50 000 t in preceding seasons to 60 000 t in 2008-09. Profitability is also satisfactory, even though performance in the last season was not as good as in preceding years. However, it is still distinctly better than that of the other citrus species, and some growers have thus top-grafted their orchards—especially lemon, the speciality of the Murcia region and for which the market is suffering from chronic over-supply. The markets have responded to the increase in supplies from Spain. Interest in eastern Europe decreased this season. However, Spanish operators strengthened their positions in western Europe, in particular on the French market thanks to successful sales to certain supermarket chains. However, the enlargement of the planted area seems fairly moderate, even if figures to confirm this are lacking. Grapefruit is not part of the tradition of most growers and the domestic market is more than limited.

In addition, using of sorting rejects, forming more than 20% of the crop this season (a windy one), is a problem. Juice processors in the region are not interested and there is no other cash-paying alternative.



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## Turkey: the future is in the east

With strongly developing production and comparative advantages in terms of production cost, Turkey was well-placed in 2004 to claim a large slice of the cake left by Florida. Exporters in Cukurova, the main production area south of Adana, revealed their ambitions clearly in the 2005-06 season when they more than doubled their shipments to western Europe. However, three seasons later, the shipments have decreased or rather changed target. Shipments to eastern Europe, both within and outside the EU, have rocketed at the expense of those to the western part of Europe which have returned to their initial level. What are the reasons for the change? The main one is economic as analysis of customs values shows that the prices fetched in Russia, the main eastern European market for Turkish grapefruit, and in the west are very similar. In addition, payment is on a firm basis, often via an on-the-spot representative of the exporter, a further guarantee of payment. Finally, transport costs are smaller and requirements less strict, especially as regards certification. It is true that increasingly severe MRL standards on the Russian market caused a scare among exporters. However, the authori-

ties in both countries reached a bilateral agreement allowing the resumption of trade and making the future less worrying. In addition, even if Russia is still a prime destination taking 25 to 30% of exports, other eastern European countries have strong import levels and good growth (see table). Stress is also laid on neighbouring countries in Central Asia (Georgia already imports about 1 000 t) and the Middle East (Iran, and especially Iraq which could become once again the large market that it used to be before the wars of the 1990s and 2000s). A switch in the situation and a massive return of Turkish exports to western Europe thus seem unlikely, especially as the strong increase in production seems to be over. The harvest of some 60 000 t in the mid-1990s seems to have stabilised at close to 180 000-200 000 t (approximately 160 000 t last season because of frost). The varietal range is changing in favour of red varieties ('Star

Grapefruit - Turkey Main importing countries (tonnes)	
Russia	34 973
Romania	17 452
Poland	10 739
Ukraine	8 979
Bulgaria	8 259
Germany	5 059
Czech Rep.	4 040
Netherlands	3 364
Saudi Arabia	3 284
Belgium	2 998
Serbia	2 437
Hungary	2 417
Iraq	2 007
Iran	1 891

Source: AKIB - from October 08 to April 09

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